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PROMOS TECHNOLOGIES INC.

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE DIVISION

INFINEON TECHNOLOGIES NORTH
AMERICA CORP.,

Plaintiff,

v.

MOSAID TECHNOLOGIES, INC.,

Defendant.

CASE NO. C 02-05772 JF

**Reply Brief Of *Amicus Curiae* ProMOS
Technologies Inc. On Collateral
Estoppel And Vacatur**

Date: February 2, 2007
Time: 9:00 AM
Courtroom: 3, 5th Floor
Judge: Hon. Jeremy Fogel

Defendant MOSAID Technologies, Inc. (“MOSAID”) has failed to show that collateral estoppel should not apply to the previous rulings of this court such that those rulings should be vacated. First, MOSAID’s arguments rely entirely on its contention that the discussion of claim construction in *Phillips* so changed the law that the Court’s noninfringement judgment, and the claim construction included in that judgment, is not entitled to preclusive effect. As established by ProMOS, and as discussed in more detail below, that position is simply not supported by the facts or the law. First, since *Phillips* was decided before the summary judgment order was entered, and before MOSAID dismissed its appeal, *Phillips* is not an “intervening” change in the law. Moreover, *Phillips* is simply not a “change in the law,” much less the “significant” or “drastic” change necessary to relieve MOSAID from being bound by the prior adverse claim construction rulings. However, this Court need not even reach that issue. There are other aspects of the rulings MOSAID would have vacated that have nothing to do with claim construction, and MOSAID provides no reason whatsoever as to why the entirety of the judgment should be vacated because of an imagined flaw in one part. Moreover, MOSAID’s motion now directly impacts a party not before this Court, and should be denied on that basis alone.

I. VACATUR WOULD PREJUDICE PARTIES NOT REPRESENTED HERE

As discussed in ProMOS’s opening brief, there are several factual findings in the final judgment at issue here that are wholly unrelated to claim construction issues. In particular, this Court found as a matter of fact that MOSAID is not entitled to recover damages for any infringement of the subject patents prior to the date it provided actual notice of its infringement claims. April 1, 2005 Summary Judgment Order (“SJ Order”) at 4-5; see Opening Brief of *Amicus Curiae* ProMOS Technologies Inc. (“ProMOS Br.”) at 1. Notwithstanding this ruling, MOSAID was today granted leave to amend its complaint in the Texas action. Declaration of Sean P. DeBruine in Support of ProMOS’s Reply Brief (“DeBruine Decl.”), Ex. A. MOSAID has filed that Second Amended Complaint alleging infringement of six of the patents at issue here by a new defendant, Mosel Vitelic, Inc. DeBruine Decl., Ex. B. In that complaint, MOSAID alleges only that Mosel Vitelic has infringed in the past. *Id.* ¶ 32 (All of the parties, including defendant Mosel Vitelic, are alleged to “have infringed” the ’643 patent, MOSAID alleges that only Micron, PCS and ProMOS “are infringing.”),

and ¶¶ 37, 42, 57, 68 and 73 (same). In other words, MOSAID is seeking only past damages from Mosel Vitelic. On these facts it may be that the Court's decision that MOSAID has no claim for past damages absent actual notice of infringement will provide Mosel Vitelic a complete defense to some or all of MOSAID's complaint. Yet Mosel Vitelic is not even represented here and cannot raise this argument. For this reason alone the Orders should not be vacated, and any relevant collateral estoppel effect should be argued by the affected parties in the Texas case and any future litigation.

II. COLLATERAL ESTOPPEL APPLIES

A. There is No Significant Change in Controlling Law to Avoid Collateral Estoppel

MOSAID argues that the law of the Fifth Circuit applies to the determination whether collateral estoppel will apply in the Texas action. MOSAID's Memorandum of Points and Authorities on the Collateral Estoppel Effect of Judge Martini's Rulings ("MOSAID Mem.") at 9 ("Consequently, Fifth Circuit law governs whether the doctrine of collateral estoppel should be applied in the Eastern District of Texas."). MOSAID, however, avoids the plain fact that all of the elements necessary to apply collateral estoppel under controlling Fifth Circuit are present in this case. MOSAID summarizes its position in the following passage:

Because the law is clear that collateral estoppel does not apply where there has been a change in controlling legal principles, as here, MOSAID does not address whether the individual collateral estoppel requirements have been met in the present action. However, MOSAID in no way concedes that the elements of collateral estoppel are satisfied in the present case under either Fifth Circuit or Ninth Circuit law.

MOSAID Mem. at 10, n.12. In essence, MOSAID's argument is simply that collateral estoppel does not apply in this case because an alleged "intervening law" exception prevents "fair" application of collateral estoppel against it where MOSAID litigated the identical issues, lost, appealed, and then attempted to settle its way out from under the burden of the valid final judgment. MOSAID does not contest that all of the other requirements of collateral estoppel are met.

Fifth Circuit law requires more than a mere clarification before an intervening change in the law will prevent the application of issue preclusion. The Fifth Circuit requires a drastic change or actual legal conflict caused by the intervening change. *Society of Separationists, Inc. v. Herman*, 939

1 F.2d 1207, 1214 (5th Cir. 1991) (holding that collateral estoppel applies unless there is a "drastic
2 change in applicable law" identified by an actual conflict), *overruled on other grounds*, 959 F.2d 1283
3 (5th Cir. 1992). In this case, there is no such drastic change or actual conflict.

4 MOSAID argues that the Federal Circuit's decision in *Phillips v. AWH Corp.*, 415 F.3d 1303
5 (Fed. Cir. 2005) somehow changed the law of claim construction in patent litigation and this Court's
6 Orders are therefore not entitled to any preclusive effect in the Texas action. According to MOSAID,
7 Judge Martini construed the patents "according to the no-longer valid principles set forth in *Texas*
8 *Digital Systems, Inc. v. Telegenix, Inc.*" MOSAID Mem. at 1 (citing 308 F.3d 1193 (Fed. Cir. 2002)).
9 Therefore, argues MOSAID, this Court should vacate the final judgment in order to give MOSAID yet
10 another bite at the apple.

11 *Phillips* did not overrule *Texas Digital*. *Phillips*, 415 F.3d at 1324 ("In *Vitronics*, we did not
12 attempt to provide a rigid algorithm for claim construction, but simply attempted to explain why, in
13 general, certain types of evidence are more valuable than others. Today, we adhere to that approach
14 and reaffirm the approach to claim construction outlined in that case, in *Markman*, and in *Innova*."). In
15 fact, *Phillips* did not overrule anything. *Phillips* merely clarified the law of claim construction.
16 *Phillips*, 415 F.3d at 1312 ("We have also previously considered the use of dictionaries in claim
17 construction. What we have said in that regard requires *clarification*." (emphasis supplied). That
18 *Phillips* was, at most, a clarification of existing law has been recognized by many courts. *See, e.g.*,
19 *Intex Recreation Corp. v. Metalast, S.A. Sociedad Unipersonal*, 400 F. Supp. 2d 123, 128 (D.D.C.
20 2005); *Pioneer Labs., Inc. v. Stryker Corp.*, 395 F. Supp. 2d 612, 617 (W.D. Mich. 2005)
21 (characterizing *Phillips* as an elaboration), *affirmed* No. 06-1142, 2006 WL 2382895, at *1 (Fed. Cir.
22 Aug. 11, 2006); *Aspex Eyewear, Inc. v. Altair Eyewear, Inc.*, 386 F. Supp. 2d 526, 532 (S.D.N.Y. 2005)
23 (characterizing *Phillips* as a clarification). *Phillips* reaffirmed the approach to claim construction taken
24 by the previous *Vitronics Corp. v. Conceptronic, Inc.*, 90 F.3d 1576 (Fed. Cir. 1996) court – an
25 approach endorsed by Judge Martini. Jalali Decl., Ex. 2 at 14 (citing *Vitronics*).

26 MOSAID's criticism of Judge Martini's decision focuses on his purported reliance on
27 dictionary definitions. However, even after *Phillips*, several Federal Circuit opinions have used
28 dictionaries and treatises to assist in ascertaining the ordinary meaning of claim terms. *See Aquatex*

1 *Indus., Inc. v. Techniche Solutions*, 419 F.3d 1374, 1381-1382 (Fed. Cir. 2005) (construing the term
 2 "fiberfill" consistently with dictionaries); *Free Motion Fitness, Inc. v. Cybex Int'l, Inc.*, 423 F.3d 1343,
 3 1348-1349 (Fed. Cir. 2005) (finding the ordinary meaning of "adjacent" by starting with dictionary
 4 definitions and using intrinsic evidence to determine which definition is consistent with the use in the
 5 patent); *Pfizer, Inc. v. Teva Pharms. USA, Inc.*, 429 F.3d 1364, 1375 (Fed. Cir. 2005) (holding that "the
 6 district court did not err by referencing dictionary definitions of 'saccharides'"); *Atofina v. Great Lakes*
 7 *Chem. Corp.*, 441 F.3d 991, 996 (Fed. Cir. 2006) (agreeing with district court's construction of
 8 "catalyst" from technical dictionary); *Ormco Corp. v. Align Tech., Inc.*, 463 F.3d 1299, 1306-1307
 9 (Fed. Cir. 2006) (holding that district court erred by reading limitations from the specification into the
 10 claim term and resorting to a broader dictionary definition).

11 Additionally, MOSAID's argument that *Phillips* entails such a drastic change in the law such
 12 that claim construction orders relying on *Texas Digital* are not valid has been rejected by several other
 13 district courts since the *Phillips* decision. *Intex Recreation Corp.*, 400 F. Supp. 2d at 128-130
 14 (characterizing *Phillips* as a clarification and refusing to alter its claim construction on reconsideration
 15 despite citations to and language following *Texas Digital*); *Translogic Tech., Inc. v. Hitachi, Ltd.*, 404
 16 F. Supp. 2d 1250, 1255-1256 (D. Or. 2005) (denying reconsideration based on *Phillips* because the pre-
 17 *Phillips* claim construction was not "entirely divorced" from the specification); *see also Ingenio,*
 18 *Filiale de Loto-Quebec, Inc. v. Gamellogic, Inc.*, 445 F. Supp. 2d 443, 447-448 and 451 (D. Del. 2006)
 19 (citing *Phillips* as the law of claim construction and applying dictionary definition for "lottery game"
 20 term). Accordingly, as have other district courts presented with this argument, the Court should reject
 21 MOSAID's attempt to not only characterize *Phillips* as a sweeping and drastic change in the law, but
 22 also reject the attempt to relitigate those selfsame issues MOSAID litigated, lost *and* appealed.

23 **B. MOSAID's Authority is Inapposite to the Question**

24 MOSAID states that Fifth Circuit law applies to whether collateral estoppel will apply to
 25 preclude relitigation in the Texas action.¹ Even giving full weight to MOSAID's cited Fifth Circuit
 26

27 ¹ Nevertheless, MOSAID then proceeds to invoke Ninth Circuit law for its conclusion.
 28

1 authority, that authority simply does not stand for the proposition that *Phillips* is such an intervening
 2 change in the law as to allow MOSAID to avoid the final judgment entered by this Court.

3 MOSAID cites *United States v. Shanbaum*, 10 F.3d 305, 311 (5th Cir. 1994), *Copeland v.*
 4 *Merrill Lynch & Co.*, 47 F.3d 1415, 1422 (5th Cir. 1995), *Petro-Hunt, LLC v. United States*, 365 F.3d
 5 385, 397 (5th Cir. 2004), and *Mendelovitz v. Adolph Coors Co.*, 693 F.2d 570, 579 (5th Cir. 1982) to
 6 support its conclusion that it would be “unfair” to apply collateral estoppel in the Texas action.
 7 MOSAID Mem. at 9. However, *Shanbaum* is not a collateral estoppel case at all, but rather a *res*
 8 *judicata* or claim preclusion case. 10 F.3d at 313 (“Mrs. Shanbaum’s contention that the government
 9 waived *res judicata* simply because it mistakenly pleaded collateral estoppel in the pretrial order is
 10 unavailing.”). *Copeland*, if anything, stands for the proposition that the issue of law or fact to be
 11 precluded must be identical to the one from the previous action. 47 F.3d at 1423 (“Thus, the
 12 confirmation proceeding presented a different issue, analyzed using a different legal standard than that
 13 presented by Copeland’s individual breach of contract claim.”). Additionally, like *Copeland*, *Petro-*
 14 *Hunt* stands only for the proposition that collateral estoppel will apply if and only if the questions of
 15 law or fact are “identical” and were “actually litigated.” 365 F.3d at 398-399 (“Because these questions
 16 of law are not ‘identical’ to the issues raised in *Nebo Oil* and were not ‘actually litigated’ in *Nebo Oil*,
 17 we find that the United States is not precluded, under collateral estoppel, from raising them in this
 18 case.”). As discussed above, MOSAID does not dispute that the relevant issues are identical.

19 *Mendelovitz* involved the plaintiff’s attempt to invoke *offensive* collateral estoppel against a
 20 defendant. 693 F.2d at 579 (“D. *Offensive Collateral Estoppel*”) (section heading). Most importantly,
 21 both the Fifth Circuit and the Eastern District of Texas have noted that the unfairness factor is likely
 22 not applicable to issues of defensive collateral estoppel, but rather only to offensive collateral estoppel.
 23 *Lindsey v. Prive Corp.*, 161 F.3d 886, 891 n.2 (5th Cir. 1998) (“We have also noted on occasion that
 24 issue preclusion applies only where there is no special circumstance that would render preclusion
 25 inappropriate or unfair. This requirement originated from concerns about offensive collateral
 26 estoppel.”) (citations and quotations omitted); *Meador v. Oryx Energy Co.*, 87 F. Supp. 2d 658, 663 n.2
 27 (E.D. Tex. 2000) (“All of these cases [*Winters v. Diamond Shamrock Chem. Co.*, 149 F.3d 387, 391
 28

(5th Cir. 1998), *Shanbaum and Copeland*] involved the use of offensive issue preclusion, and the fourth requirement arguably only applies to such cases.").

For these reasons, this Court should not be swayed by MOSAID's plea to assist it in avoiding the consequences of the final judgment entered by this Court. Collateral estoppel will apply in the Texas action under Fifth Circuit precedent, and, therefore, this Court should not vacate its final judgment.

C. Judge Martini's Claim Construction Follows the *Phillips* Approach

Judge Martini did, in fact, cite *Texas Digital* in his claim construction opinion. However, Judge Martini did not render a claim construction that is "entirely divorced" from the intrinsic evidence. Absent such a showing, there is simply no basis in fact or law to disturb finality in this case. Substantial principles of judicial economy and finality counsel against disturbing these Orders. MOSAID, through the clever use of bullet points, argues that Judge Martini's rulings were so entrenched in *Texas Digital* that they must have been erroneous. MOSAID Mem. at 5-6 ("Judge Martini cited to *Texas Digital* eight times and its progeny, *Brookhill-Wilk*, seven times."). However, a less cursory review of Judge Martini's claim construction shows the superficial nature of MOSAID's argument.

MOSAID argues that that Judge Martini, in "The Law of Claim Construction" section of his opinion, makes statements inconsistent with *Phillips*. This is simply not the case as the following quotations from his opinion show. Judge Martini followed the *Phillips* regime by noting that in his analysis "[c]laim construction begins with and remains focused on the language of the claims because it is that language the patentee purposefully chose to 'particularly point[] out and distinctly claim[] the subject matter which the patentee regards as his invention.'" Jalali Decl., Ex. 2 at 12 (quoting *Texas Digital*); see *Phillips*, 415 F.3d at 1312. Judge Martini continued by noting that courts may look to the intrinsic evidence, as well as appropriate extrinsic evidence, such as dictionaries. Jalali Decl., Ex. 2 at 12-13; see *Phillips*, 415 F.3d at 1318. Judge Martini recognized that context is significant in claim construction. Jalali Decl., Ex. 2 at 13; see *Phillips*, 415 F.3d at 1314. Judge Martini's analysis noted that the claims must be read in light of the specification. Jalali Decl., Ex. 2 at 13; see *Phillips*, 415 F.3d at 1315. Additionally, Judge Martini recognized that caution must be exercised when looking to

1 general purpose dictionaries for the ordinary meaning of claim terms. Jalali Decl., Ex. 2 at 13; *see*
 2 *Phillips*, 415 F.3d at 1322. Finally, Judge Martini properly recognized that the analysis of the claims
 3 starts from intrinsic evidence. Jalali Decl., Ex. 2 at 14 ("If the ordinary meaning can be ascertained
 4 from the intrinsic evidence and contemporaneous dictionaries and treatises, the Court need not look to
 5 the extrinsic evidence as part of its obligation to construe the disputed claim terms."); *see Phillips*, 415
 6 F.3d at 1313-1314.

7 Because Judge Martini's claim construction approach, in fact, followed the *Phillips* regime,
 8 even if *Phillips* represented an drastic change in the law, there would be no need to vacate the Orders.
 9 MOSAID only identifies a single claim term that allegedly received an erroneous construction –
 10 "latching level shifter." MOSAID Mem. at 6. Judge Martini's construction of the "latching level
 11 shifter" term resulted in a construction manifestly not divorced from the specification, but also
 12 followed the law as subsequently articulated in *Phillips*.

13 It is important to note that the parties agreed to a definition of the term "level shifter." Jalali
 14 Decl., Ex. 2 at 43. The only dispute regarding the term "latching level shifter" was the meaning of the
 15 term "latching." *Id.* Judge Martini's construction of the term "latching" began with the claims. Jalali
 16 Decl., Ex. 2 at 43. Judge Martini concluded that the term was used in a technical sense, and applied a
 17 technical dictionary definition to assist in finding the ordinary meaning of the term. Jalali Decl., Ex. 2
 18 at 43-44. Significantly, MOSAID's own expert agreed with the technical dictionary definition to which
 19 Judge Martini looked to help ascertain the meaning of the term "latching" to a person of skill in the art.
 20 Jalali Decl., Ex. 2 at 43; *see Phillips*, 415 F.3d at 1322 (indicating a preference for technical
 21 dictionaries and treatises over general purpose dictionaries). Ultimately, Judge Martini concluded that
 22 "latching level shifter" should be construed as "a level shifter including a feedback loop that will
 23 indefinitely retain at least one data state in the absence of any new control signal to change the state."
 24 Jalali Decl., Ex. 2 at 44; *compare with* Jalali Decl., Ex. 2 at 43 ("[a] feedback loop used in a
 25 symmetrical digital circuit (such as a flip-flop) to retain a state") (quoting *Radio Shack Dictionary of*
 26 *Electronics*, 5th ed. 1977). Accordingly, Judge Martini did not inappropriately rely upon a general
 27 purpose dictionary definition to arrive at a construction "entirely divorced" from the specification.
 28 *Phillips*, 415 F.3d at 1321; *Translogic*, 404 F. Supp. 2d at 1255-1256 (denying reconsideration of claim

1 construction order where the analysis noted that "the specification is the single best guide to the
2 meaning of a disputed term.") (quotations omitted).

3 As noted by the Federal Circuit, there is no rigid algorithm to claim construction, and the court
4 may use the available tools in any order it chooses. *Phillips*, 415 F.3d at 1324 ("Nor is the court barred
5 from considering any particular sources or required to analyze sources in any specific sequence, as
6 long as those sources are not used to contradict claim meaning that is unambiguous in light of the
7 intrinsic evidence.") Judge Martini invoked all of those tools to arrive at claim construction rulings
8 consistent with the patent and as viewed by those skilled in the art. MOSAID has not, and cannot,
9 establish that the claims would have been construed differently after the *Phillips* decision. It has
10 therefore failed to carry its burden of showing that collateral estoppel would not apply to Judge
11 Martini's rulings.

12 **III. CONCLUSION**

13 MOSAID arguing that Fifth Circuit law should govern this issue relies on an exception to the
14 application of collateral estoppel in this case because, it argues, the Federal Circuit's decision in
15 *Phillips* marked a change in the law of claim construction. As discussed above and recognized by the
16 Federal Circuit, *Phillips* was only a clarification of the law of claim construction, not the "drastic
17 change" required under Fifth Circuit law. Furthermore, Judge Martini's claim construction analysis did
18 not deviate from *Phillips*. Accordingly, this Court should find that collateral estoppel applies and the
19 joint motion to vacate should be denied.

20
21 Dated: December 15, 2006

Respectfully submitted,

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